

**BellSouth Telecommunications, Inc.**  
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**Dorothy J. Chambers**  
General Counsel/Kentucky

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November 21, 2003

*Dorothy J. Chambers*  
**RECEIVED**

NOV 21 2003

**PUBLIC SERVICE  
COMMISSION**

Mr. Thomas M. Dorman  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
P. O. Box 615  
Frankfort, KY 40602

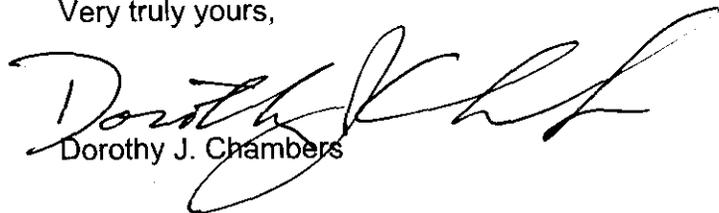
Re: Inquiry Into the Use of Contract Service Arrangements by  
Telecommunications Carriers in Kentucky  
PSC 2002-00456

Dear Mr. Dorman:

Enclosed for filing in the above-captioned case are BellSouth  
Telecommunications, Inc.'s Late Filed Hearing Exhibits requested during the October  
23, 2003, hearing.

Five paper copies and a CD-ROM of today's filing are provided to the  
Commission. A CD-ROM is also provided to all parties of record.

Very truly yours,

  
Dorothy J. Chambers

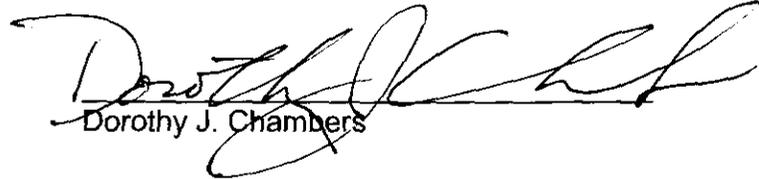
Enclosures

cc: Parties of Record

514246

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served on the *individuals on the attached Service List* by mailing a copy thereof, this 21st day of November, 2003.

  
Dorothy J. Chambers

**SERVICE LIST – PSC 2002-00456**

Martha Ross-Bain  
AT&T Communications of the South Central  
States  
1200 Peachtree Street, N.E.  
Suite 8100  
Atlanta, GA 30309

Robert A. Bye  
Cinergy Communications Co.  
8829 Bond Street  
Overland Park, KS 66214

Hon. Ann Louise Cheuvront  
Office of the Attorney General  
Utility & Rate Intervention Division  
1024 Capital Center Drive, Suite 200  
Frankfort, KY 40601

Thomas E. Preston  
Foothills Rural Telephone  
1621 Kentucky Route 40 W  
P. O. Box 240  
Staffordsville, KY 41256

Stephen R. Byars  
ALLTEL Kentucky, Inc.  
P. O. Box 1650  
Lexington, KY 40588-1650

John Schmoltd  
Gearheart Communications Co., Inc.  
d/b/a Coalfields Telephone Co.  
5 Laynesville Road  
Harold, KY 41635

Dr. Bob Davis  
113 Pebble Beach  
Georgetown, KY 40324

William K. Grigsby  
Thacker-Grigsby Telephone Co.  
9500 Communications Lane  
P. O. Box 789  
Hindman, KY 41822

Hon. William R. Atkinson  
Sprint Communications Co.  
3065 Cumberland Blvd.  
Mailstop GAATLD0602  
Atlanta, GA 30339

Trevor R. Bonnstetter  
West Kentucky Rural Telephone  
237 N. 8th Street  
P. O. Box 649  
Mayfield, KY 42066-0649

Keith Gabbard  
Peoples Rural Telephone  
P. O. Box 159  
McKee, KY 40447

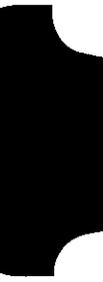
James Hamby  
Highland Telephone Cooperative, Inc.  
P. O. Box 119  
7840 Morgan County Highway  
Sunbright, TN 37872

Jeff Handley  
TDS – Telecom South East Division  
9737 Cogdill Road, Suite 230  
Knoxville, TN 37932-3374

William W. Magruder  
Duo County Telephone  
1021 W. Cumberland Avenue  
P. O. Box 80  
Jamestown, KY 42629

Hon. James R. Newberry, Jr.  
Wyatt, Tarrant & Combs, LLP  
Lexington Financial Center  
250 W. Main Street, Suite 1700  
Lexington, KY 40507

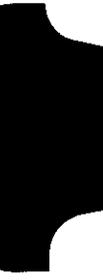
John Powell  
Computer Innovations  
P. O. Box 539  
Richmond, KY 40476



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Item No. 1  
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REQUEST: How many CSAs have been resold in Kentucky?

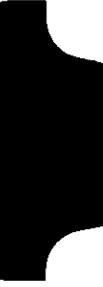
RESPONSE: Since the end of 2000, there have been 6 contracts resold in Kentucky.



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REQUEST:           What percentage of BST-KY's revenue is generated by CSAs?

RESPONSE:        In 2002, 1.7% of BellSouth-Kentucky's regulated intrastate revenue was generated by CSAs.



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REQUEST: Do customers whose contracts are resold by a reseller have to pay termination charges?

RESPONSE: No.



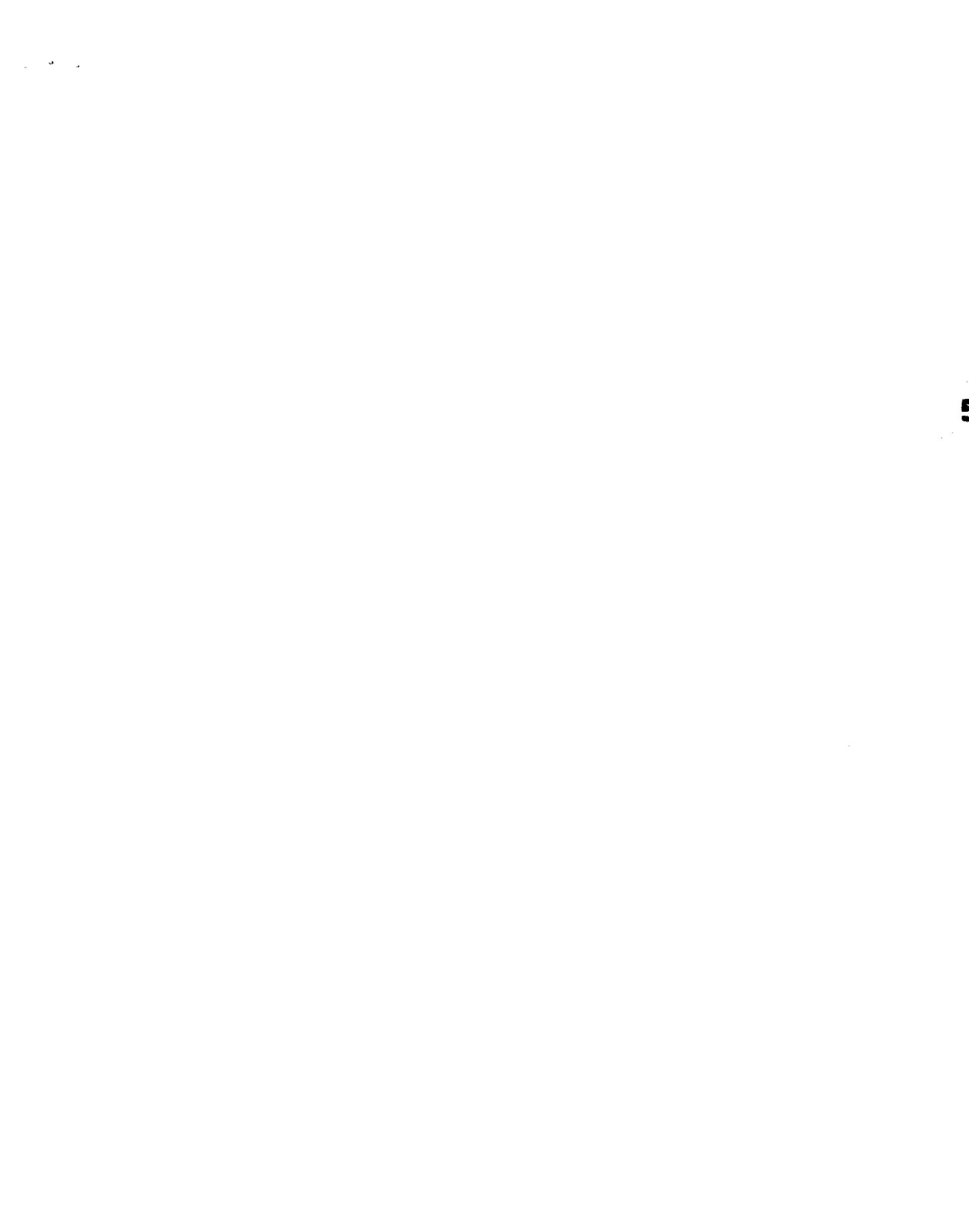
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REQUEST: Do you know how many customers have converted voice lines to data lines? Hasn't BellSouth's percent of access lines in Kentucky as presented in the testimony of Mr. Sam Massey (pages 5 and 8) been understated by omitting the number of lines disconnected from voice service but remaining with BellSouth as a data line?

RESPONSE: BellSouth does not have the exact data to answer this question. Nonetheless, we have made a very conservative attempt to adjust BellSouth's market "share" by assuming that 100% of the growth in "data" services<sup>1</sup> was directly due to substitution of these products for traditional voice services. This assumption omits from consideration: (1) that the purchase of some "data" products may have been in addition to a customer's existing product portfolio; (2) that some portion of the data products shown were used exclusively for data transport; (3) that there may have been growth from new customers that did not previously have BellSouth local service and thus did not substitute data products for these voice services; (4) that any action in any of the above items that occurred prior to the year 2000 is excluded. With those assumptions, we have revised the example on page 8 of Mr. Massey's testimony for February 2003, including the estimated BellSouth "data" lines in the BellSouth total for the numerator and denominator. The result is a BellSouth share of Kentucky small business access lines of 82.1% as opposed to the previous calculation of 81.4%. Thus, the maximum increase is only .7%, which is *overstated* due to the omissions itemized above.

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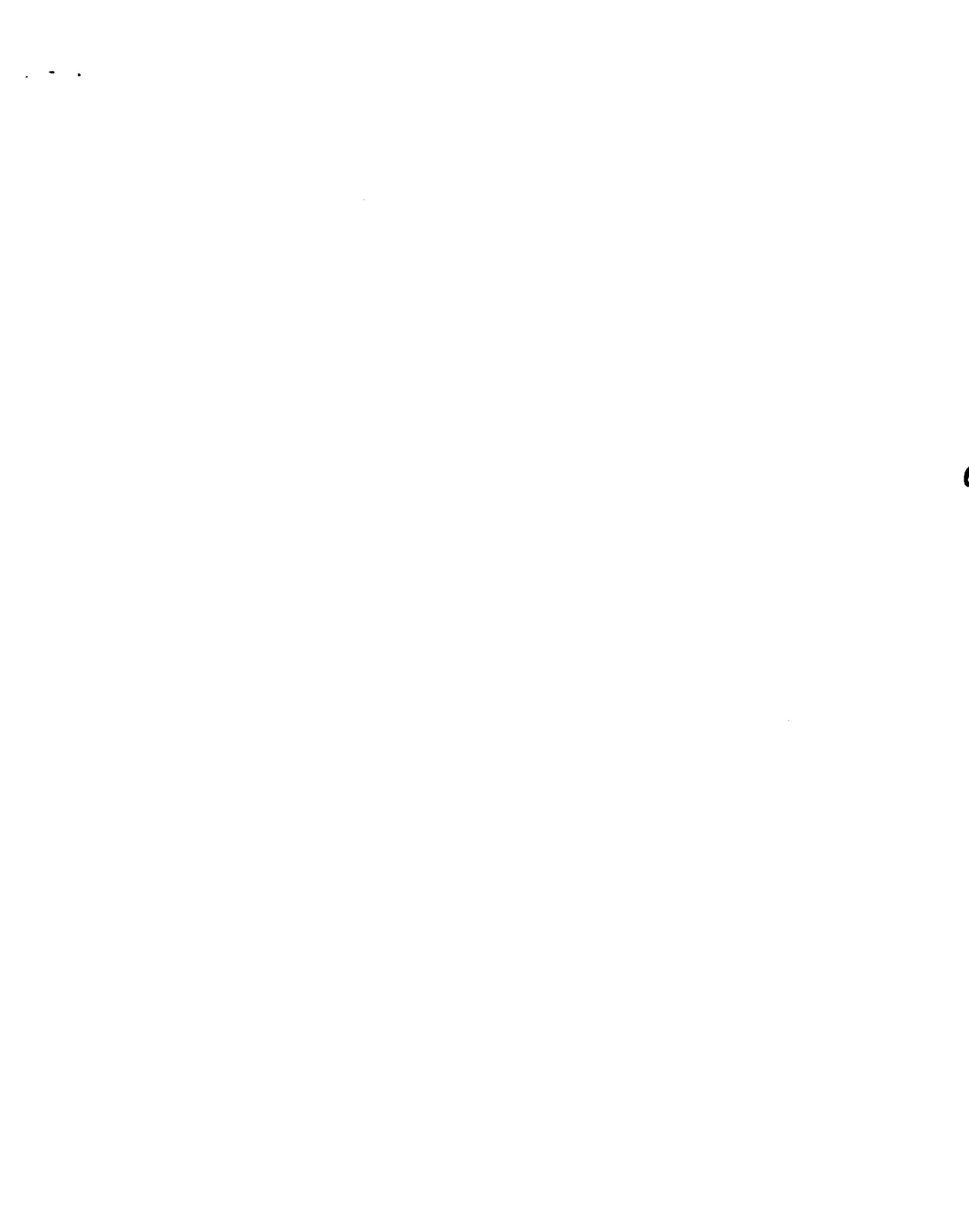
<sup>1</sup> "Data" products included ISDN PRI, BellSouth Integrated Solutions, Channelized Trunks, and Megalink ISDN.



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REQUEST: Did BellSouth circulate the Joint Proposal among CLECs?

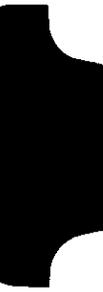
RESPONSE: The ILEC proposal was provided by E-mail to Doug Brent, local counsel for several of the CLECs shortly before the proposal was filed. The original ILEC proposal, of course, was first filed by Cincinnati Bell on September 25, 2003, and was available for review and discussion by all parties at the informal conference on October 1, 2003.

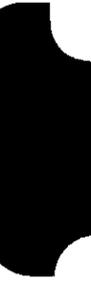


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REQUEST: Do Adelphia, Cinergy and ICG resell BellSouth PRIs?

RESPONSE: No. None of the six resold contracts identified in the response to Item No. 1 are for PRI service. Of course, CLECs compete with BellSouth in the provision of PRI service by utilizing UNE elements or through the use of the CLECs own facilities.





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REQUEST: What is the normal length of a contract between BellSouth and a customer?

RESPONSE: Of the 556 CSAs provided to customers with locations in Kentucky in 2001 and 2002, the average term length was 34 months. Only four of those 556 contracts were for a term longer than five years. One of those four contracts was provided in response to a request for proposal that stipulated a 10-year term.

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REQUEST: How does the industry proposal meet the Commission's concerns that the customers and competitors are not disadvantaged?

RESPONSE: As discussed in John Ruscilli's Supplemental Direct Testimony filed October 10, 2003, the Joint Industry Proposal ("Joint Proposal") assures that competitors are not disadvantaged because the standards apply to all telecommunications companies operating in Kentucky; therefore, the standards do not advantage or disadvantage one company or type of telecommunications provider over another. The Joint Proposal standards define the circumstances under which a company may use CSAs in order to meet competition or to account for other unique circumstances. Further, the proposed standards streamline the CSA process and eliminate automatic filing requirements, yet retain the ability of the Commission or Staff to review copies of signed contracts and supporting cost information upon request. The Joint Proposal preserves the privacy expectations of customers by redacting the customer name and address on any contract that is requested to be filed for the public record.



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REQUEST: Are there provisions in BellSouth for CSAs where a customer can withdraw from the contract and not experience penalties?

RESPONSE: Our CSAs provide for termination liability if the customer disconnects service prior to the expiration of the contract term. Normally, this termination liability applies as the tariff prescribes for the service that is provided for on the CSA. In other words, if the CSA provides for Frame Relay service, then the termination liability applies as it would for a tariff agreement for Frame Relay. Occasionally, we limit the termination liability in response to competitive threats. Competitors limit the termination liability in their offers to customers to win business, and occasionally, we must limit our termination liability in response to that threat. In some cases, for example, we may waive the termination liability provided the customer maintains a minimum quantity of lines or trunks in-service.

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REQUEST: On page 3, line 23 of Mr. Ruscilli's testimony, he states that CLECs had 7.3 percent of total access lines in Kentucky in March 2002, and recent data indicates that CLECs now have over 13 percent of total access lines in Kentucky. Can you break down the difference in those two percentages as to what is attributable to straight resale and what are the other issues?

RESPONSE: The table below shows the breakdown for the two points referred to in the testimony:

**Access Lines in BellSouth Serving Territory  
In Kentucky**

<b>Access Lines</b>	<b>March 2002</b>	<b>January 2003</b>
CLEC Resold Lines	28,917	22,172
CLEC Facilities-Based Lines	66,258	153,704
CLEC Total Lines	95,175	175,876
BST Total Lines	1,202,868	1,124,636
Total Lines	1,298,043	1,300,512
CLEC Percent of Total	7.3%	13.5%